

**OPENING STATEMENT OF  
CHAIRMAN SPENCER BACHUS  
HEARING OF FINANCIAL INSTITUTIONS AND CONSUMER CREDIT  
SUBCOMMITTEE ON THE FINANCIAL SERVICES REGULATORY RELIEF  
ACT  
MARCH 14, 2002**

The Subcommittee meets today for a legislative hearing on H.R. 3951, the Financial Services Regulatory Relief Act of 2002, a bill introduced earlier this week by our colleagues on the Subcommittee, Mrs. Capito of West Virginia and Mr. Sandlin of Texas.

The banking industry estimates that it spends somewhere in the neighborhood of \$25 billion annually to comply with regulatory requirements imposed at the Federal and State levels. A large portion of that regulatory burden is justified by the need to ensure the safety and soundness of our banking institutions; enforce compliance with various consumer protection statutes; and combat money laundering and other financial crimes.

However, not all regulatory mandates that emanate from Washington, D.C. or other state capitals across the country are created equal. Some are overly burdensome, unnecessarily costly, or largely duplicative of other legal requirements. Where examples of such regulatory overkill can be identified, Congress should act to eliminate them.

The bill that Congresswoman Capito and Congressman Sandlin have introduced – and that I am proud to cosponsor along with Chairman Oxley – contains a broad range of constructive provisions that, taken as a whole, will allow banks and other depository institutions to devote more resources to the business of lending to consumers and less to the bureaucratic maze of compliance with outdated and unneeded regulations. Reducing the regulatory burden on financial institutions lowers the cost of credit and will help our economy as it strives to emerge from recession.

While I will defer to the primary sponsors and our witnesses at today's hearing to address the specifics of the legislation, I did want to commend Mrs. Capito and Mr. Sandlin for including a provision that eases the current legal limitations on the ability of financial holding companies to cross-market products and services with companies in which they have made investments pursuant to the merchant banking authority granted by the Gramm-Leach-Bliley Act. As Members will recall, this issue was addressed at a hearing that our Subcommittee held jointly with Mr. Baker's subcommittee last year on the Federal Reserve's proposed regulations implementing GLB's merchant banking provisions. There was general consensus at that hearing that the cross-marketing provisions were overly restrictive, and failed to afford equal treatment to different sectors of the financial services industry. Section 501 of H.R. 3951 remedies these shortcomings.

In closing, let me once again commend Mrs. Capito and Mr. Sandlin for this important legislative initiative. I also want to thank the Federal banking agencies represented on our first panel for their very helpful input and technical assistance in the drafting process.

I am now pleased to recognize the Ranking Member, Ms. Waters, for an opening statement.